
HAMWIC EDUCATION TRUST

(A company limited by guarantee)

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 AUGUST 2019

HAMWIC EDUCATION TRUST
(A company limited by guarantee)

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REFERENCE AND ADMINISTRATIVE DETAILS

Members

D Ellis
A Macrow-Wood - corporate (appointed 26 November 2018)
P Bray - corporate
A Watters (resigned 4 July 2019)

Trustees

D Ellis, Chairperson
P Bray, Foundation
R Leach, Foundation (appointed 1 September 2019)
I Miller, Foundation (appointed 10 October 2018, resigned 26 March 2019)
C Knox
M Parsons (appointed 17 June 2019)
S Rafter (resigned 12 December 2018)
A Thould, Foundation (appointed 29 January 2019)
A Wrighton (appointed 8 July 2019)

Company registered number

10749662

Company name

Hamwic Education Trust

Principal and registered office

Unit E, The Mill Yard
Nursling Street
Southampton
Hampshire
SO16 0AJ

Company secretary

G Carr

Chief executive officer

R Farmer

Senior management team

R Farmer, Chief Executive Officer
L Adams, Deputy Chief Executive Officer – Education (appointed 1 September 2019)
N Ash, Deputy Chief Executive Officer – Standards (resigned 31 August 2019)
G Carr, Deputy Chief Executive Officer – Business

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REFERENCE AND ADMINISTRATIVE DETAILS (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2019

Independent auditors

Hopper Williams & Bell Limited
Statutory Auditor
Highland House
Mayflower Close
Chandlers Ford
Eastleigh
Hampshire
SO53 4AR

Bankers

Lloyds Bank Plc
77 Shirley High Street
Shirley
Southampton
Hampshire
SO15 3TX

Solicitors

Blake Morgan
New Kings Court
Tollgate
Chandlers Ford
Southampton
Hampshire
SO53 3LG

HAMWIC EDUCATION TRUST
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TRUSTEES' REPORT
FOR THE YEAR ENDED 31 AUGUST 2019

The Trustees present their annual report together with the financial statements and auditor's report of Hamwic Education Trust for the year 1 September 2018 to 31 August 2019. The annual report serves the purpose of both a Trustees' report and a Directors' report under company law.

The Trust operated thirty academies in Southampton, Portsmouth, Poole & Dorset. In addition, the Trust operated a teaching school and a SCITT.

Hamwic Education Trust has a total pupil capacity of 11,350 and pupil numbers of 10,296 as at January 2019.

Hamwic Education Trust includes the following academies:

School Name	LA Area	School Leader
Upper Shirley High School	Southampton	Stuart Woods
Wordsworth Primary School	Southampton	Rick Page
Shirley Junior School	Southampton	Annette Hixon
Shirley Infant School	Southampton	Cate Gregory
Hollybrook Junior School	Southampton	Jane Wood
Hollybrook Infant School	Southampton	Jane Wood
Southampton Children's Hospital School	Southampton	Nell Giles
Harefield Primary School	Southampton	Emma Charlton
Beechwood Junior School	Southampton	Sue Marsh
Townhill Infant School	Southampton	Bev Corbin
Glenfield Infant School	Southampton	Jo Dorricott/Liz Carrie
Weston Park Primary School	Southampton	James Wiltshire
Westover Primary School	Portsmouth	Ian Baker
Gatcombe Park Primary School	Portsmouth	Ian Baker
Hamworthy Park Junior School	Poole	Susannah Hill
Twin Sails Infant School & Nursery	Poole	Susannah Hill
Bearwood Primary School & Nursery	Poole	Laura Bennett
Springdale First School	Poole	Debbie Budden
Lytchett Matravers Primary School	Dorset	Simon France
Upton Junior School	Dorset	Andy Gould
Upton Infant School	Dorset	Duncan Churchill
Ludlow Infant Academy	Southampton	Bev Corbin
Thornhill Primary School	Southampton	Kerry Stamp
Sholing Junior School	Southampton	Marc Parnell
Sholing Infant School	Southampton	Lisa Houghton
Livingstone Road Junior School	Poole	Suzy Hayward
Livingstone Road Infant School	Poole	Suzy Hayward
Talbot Primary School	Poole	Kate Curtis
Bishop Aldhelm's C of E Primary School	Poole	Scott Tait

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TRUSTEES' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2019

Structure, Governance and Management

Constitution

The Trust is a company limited by guarantee and an exempt charity. The charitable company's memorandum and articles of association are the primary governing documents of the Trust. The Trustees of Hamwic Education Trust are also the Directors of the charitable company for the purposes of company law. The charitable company is known as Hamwic Education Trust.

Details of the Trustees who served during the year are included in the Reference and Administrative Details on page 1.

Members' Liability

Each member of the charitable company undertakes to contribute to the assets of the charitable company in the event of it being wound up while they are a member, or within one year after they cease to be a member, such amount as may be required, not exceeding £10, for the debts and liabilities contracted before they ceased to be a member.

Trustees' Indemnities

Subject to the provisions of the Companies Act 2006 every Trustee or other officer or auditor of the company shall be indemnified out of the assets of the company against any liability incurred by them in that capacity in defending any proceedings, whether civil or criminal, in which judgment is given in favour or in which he is acquitted or in connection with any application in which relief is granted to him by the court from liability for negligence, default, breach of duty or breach of trust in relation to the affairs of the company.

Method of Recruitment and Appointment or Election of Trustees

In line with the Trust's articles of association, Trustees are able to be appointed using any one of the following methods:

- By ordinary resolution of the members
- As approved by the Salisbury Diocesan Board of Education
- Co-opted by the Board of Trustees

The Board of Trustees are a skills based body made up of a diverse range of experienced professionals. Trustees are recruited from a variety of sources such as businesses within the community, local educational establishments & Academy Ambassadors and would be recruited to fill an identified gap in skills.

The term of office for any Trustee is 4 years and thereafter they may be re-appointed.

Policies and Procedures Adopted for the Induction and Training of Trustees

The training and induction provided for new Trustees will depend on their existing experience. Where necessary, induction will include training on educational, compliance and financial matters. All new Trustees will be provided with copies of key documents, such as policies, procedures, accounts, budgets, plans and other documents they need to undertake their role as Trustees. Induction will be carried out informally and will be tailored specifically to the individual Trustee.

Trustees are expected to visit schools and participate in regular professional development to ensure that they are able to discharge their responsibilities effectively.

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TRUSTEES' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2019

Organisational Structure

Hamwic Education Trust's organisational structure consists of three levels: the Board of Trustees, the executive team and the academies local governing bodies. This organisational structure is intended to devolve responsibility and encourage involvement in decision making at all levels.

The Board of Trustees are responsible for setting general policy, adopting an annual plan & budget, monitoring the Trust's financial & operational performance and making strategic decisions about the direction of the Trust, approving major items of expenditure and making executive team appointments. The Board of Trustees have approved a scheme of financial delegation which clearly sets out the level of financial authority delegated to the executive team, local governing bodies, school leaders and members of the academies leadership teams.

The executive team consists of the Chief Executive Officer, Deputy Chief Executive Officer – Business and Deputy Chief Executive Officer – Education. The executive team through the CEO has responsibility for the operation of the Trust including the performance of the Trust's academies. The CEO delegates executive management functions to the executive management team and is accountable to the Trust board for the performance of the executive management team.

The academy local governing bodies are made up from a variety of sources including (but not limited to) parents, staff, members of the local community and businesses in the local community. They are responsible for the academy's standards, finance, premises and health & safety in accordance with the scheme of delegation.

The finance committee, which reports to the Board of Trustees, is responsible for developing the financial strategy for the Trust, budgeting & financial planning, monitoring financial performance and capital planning.

The audit & risk committee, which reports to the Board of Trustees, is responsible for risk management, external audit, the appointment of external auditors and internal audit.

The standards committee is responsible for monitoring educational performance of the academies within the Trust including but not limited to progress, attainment, absence and exclusions.

Individual academy leadership teams consist of the senior management at each academy. They are responsible for developing & implementing plans which seek to deliver the best possible education for its students within agreed budgets and the scheme of delegation approved by the Board of Trustees.

Arrangement for Setting Pay and Remuneration of Key Management Personnel

Pay arrangements for key management personnel are set by the human resources committee. Benchmarking against other multi-academy trusts and other charitable institutions is carried out on an annual basis. Robust targets are set for each individual leader with pay awards being dependent on the success in meeting these targets.

Pay arrangements for school leaders are led by local governing bodies with support from Hamwic Education Trust. Local governing bodies utilise the school teachers' pay and conditions document (STPCD) to set the parameters for key management personnel pay. Targets are set for each individual leader with increments with each school's individual school range (ISR) being awarded for performance and success in meeting these targets. Any remuneration outside of the schools ISR is subject to approval by the human resources committee.

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TRUSTEES' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2019

Trade Union Facility Time

Relevant union officials:

Number of employees who were relevant union officials during the year	2
Full-time equivalent employee number	1.39

Percentage of time spent on facility time:	Number of
Percentage of time	employees
0%	1
1%-50%	1
51%-99%	0
100%	0

Percentage of pay bill spent on facility time:

Total cost of facility time	£95
Total pay bill	£38,266,489
Percentage of the total pay bill spent on facility time	0.00%

Paid trade union activities:

Time spent on paid trade union activities as a percentage of total paid facility time hours	100.00%
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Related Parties and other Connected Charities and Organisations

Hamwic Education Trust was related to four Multi-Academy Trusts (MAT); Jefferys Education Trust, Edwin Jones Trust, The Ridings Trust & The Hillary Trust and their umbrella trust; Hamwic Trust. The academies of each of the above mentioned organisations were transferred to Hamwic Education Trust prior to 1 September 2018.

All of the above mentioned organisations have been dissolved as at the date of signing these accounts. No transactions took place through these organisations during the year ending 31 August 2019.

The Trust is related to The Diocese of Salisbury, who are entitled to appoint 50% of Trustees.

HAMWIC EDUCATION TRUST
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TRUSTEES' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2019

Objectives and Activities

Objects and Aims

Hamwic Education Trust's principal activity is to advance, for the public benefit, education in the United Kingdom by establishing, maintaining, operating and developing academies.

In accordance with the Articles of Association, the Trust has entered into Funding Agreements approved by the Secretary of State for Education. The Funding Agreements specify, amongst other things, the basis for admitting students to the academies, the catchment area from which students are drawn, and that the curriculum should comply with the substance of the National Curriculum.

Objectives, Strategies and Activities

Hamwic Education Trust aims to develop outstanding academies who are at the heart of the communities that they serve.

The vision for Hamwic Education Trust is to establish a self-improving learning community where school leaders take a collective responsibility and are accountable for children's wellbeing and for standards of the education provision within the Trust.

Hamwic Education Trust is passionate about the central role of education in improving individual life chances for children and young people. We believe in a local education, with the freedom to collectively support the needs of the local community.

Hamwic Education Trust is committed to:

- Improving outcomes and pathways to employment opportunities for students
- Creating a self-improving school system, based on shared values of respect, perseverance, cooperation and trust
- Holding the academies within the Trust to account for standards
- Ensuring a collective responsibility and accountability by academies for student outcomes
- Developing high quality systems and structures allowing school leaders to focus on teaching and learning
- Recruiting and developing high quality staff and CPD opportunities
- Meeting the needs of the local community
- Developing community engagement
- Promoting an all through curriculum by linking learning through the different phases of education
- Retaining individual academies local identity

Public Benefit

The Trustees have considered the Charity Commission's guidance on Public Benefit. The key public benefit delivered by the Trust is the maintenance and development of the high quality education provided to the young people of the communities the academies serve.

In doing this the Trust not only offers a broadly-based academic education but aims to educate the whole individual. A very wide-range of extra-curricular activities including educational trips and visits are offered and undertaken.

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TRUSTEES' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2019

Strategic Report

Achievements and Performance

The Trust had six Ofsted inspections during the year ending 31 August 2019 with Ludlow Infant School, Hollybrook Junior School, Hollybrook Infant School, Hamworthy Park Junior School and Twin Sails Infant School retaining their judgements of Good. Westover Primary School retained its judgement of Requires Improvement. The Hamwic SCITT was also inspected by Ofsted for the first time during the year and received a Good judgement.

GCSE Achievement:

	Hamwic Education Trust (2019)	National
Progress 8 Score	+0.20	+0.00
Attainment 8 Score	50 points	46 points
Grade 9 – 4 in English & Maths	67%	64%
Grade 9 – 5 in English & Maths	40%	40%
EBACC Average Point Score	4.52 points	3.86 points

Key Stage 2 Achievement:

Performance for schools who have been with the Trust (and its predecessor Multi-Academy Trusts) for greater than 3 full academic years:

	Hamwic Education Trust (2019)	National
Reading	71%	73%
Writing	82%	78%
GPAS	74%	78%
Maths	82%	79%
Combined	66%	65%

Performance for schools who have been with the Trust (and its predecessor Multi-Academy Trusts) for less than 3 full academic years:

	Hamwic Education Trust (2019)	National
Reading	69%	73%
Writing	76%	78%
GPAS	73%	78%
Maths	76%	79%
Combined	60%	65%

Key Stage 1 Achievement:

Performance for schools who have been with the Trust (and its predecessor Multi-Academy Trusts) for greater than 3 full academic years:

	Hamwic Education Trust (2019)	National
Reading	80%	75%
Writing	75%	69%
Maths	82%	76%

Performance for schools who have been with the Trust (and its predecessor Multi-Academy Trusts) for less than 3 full academic years:

	Hamwic Education Trust (2019)	National
Reading	73%	75%
Writing	65%	69%
Maths	77%	76%

Early Years Achievement:

Students achieving a 'Good Level of Development' for the year was 72% (2018 – 74%) compared to the national average of 72% (2018 - 72%).

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TRUSTEES' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2019

Key Performance Indicators

Ofsted:

As at 31 August 2019, five academies had an Ofsted judgement of Outstanding, nineteen had Ofsted judgements of Good, five had Ofsted judgements of Requires Improvement (two of whom are sponsored academies) and one had an Ofsted judgement of Special Measures (a sponsored academy).

Financial Key Performance Indicators:

Staff Costs / GAG Income – 102% (2018 – 109%)

Staff Costs / Total Income – 81% (2018 – 80%)

Revenue Reserves / GAG Income – 11% (2018 – 15%)

Current Assets less Current Liabilities – £6,683k (2018 - £6,091k)

Current Ratio – 2.56 (2018 – 2.51)

Going Concern

After making appropriate enquiries, the Board of Trustees has a reasonable expectation that the Trust has adequate resources to continue in operational existence for the foreseeable future. For this reason it continues to adopt the going concern basis in preparing the financial statements. Further details regarding the adoption of the going concern basis can be found in the Statement of Accounting Policies.

Financial Review

Overview

The majority of the Trust's income is obtained from the Department for Education in the form of recurrent grants, the use of which is restricted to particular purposes. The grants received from the Department for Education during the period ended 31 August 2019 and the associated expenditure are shown as restricted funds in the Statement of Financial Activities.

The Trust also receives grants for fixed assets from the Department for Education. In accordance with the Charities Statement of Recommended Practice (FRS 102), such grants are shown in the Statement of Financial Activities as restricted income in the fixed asset fund. The restricted fixed asset fund balance is reduced by annual depreciation charges over the expected useful life of the assets concerned.

During the year ending 31 August 2019 Hamwic Education Trust received total income of £66,751k of which £14,086k related to income transferred from local authorities on conversion. Of this sum £46,136k was received from the Department of Education via the Education & Skills Funding Agency in respect of its General Annual Grant, used for its day to day running costs, and other revenue grants. Other grants and income amounted to £20,615k which includes £14,086k of income transferred from local authorities on conversion.

Costs for the period totalled £55,923k.

The in-year surplus for the year ending 31 August 2019 was £10,828k. This is inclusive of £14,086k of income transferred from local authorities on conversion.

After taking into account the actuarial assessed loss on the LGPS of £24,308k, the Trust carried forward reserves of £99,398k as at 31 August 2019.

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TRUSTEES' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2019

Reserves policy

The Trust is predominantly funded by grants from the Department for Education, the use of which is regulated by its funding agreement. The majority of these grants are used by the Trust in the accounting period for which they are given.

The Board of Trustees have approved a policy that states that individual schools within the Trust will hold no more than 8% of its annual general annual grant in revenue reserves. Where schools hold reserves in excess of this 8%, they have plans to utilise them on educational activities which will be spent over the next 2 years. The Board of Trustees have determined that the Trust shall hold no less than £2,500,000 in total revenue reserves.

All reserves policies are reviewed annually.

The level of free reserves held in the unrestricted fund at the year ended 31 August 2019 was £4,384k. The level of reserves held in the restricted fund (excluding restricted fixed asset fund and pension reserves) at the year ended 31 August 2019 was £nil. Therefore, the net surplus held in reserves at the year ended 31 August 2019 was £4,384k.

All reserves held by the Trust will be used to further the educational activities of the Trust.

Investment Policy

The Board of Trustees have approved an investment policy which is based on a risk averse principle. Any funds above the approved minimum level are able to be placed with a limited number of institutions with high credit ratings only.

Principal Risks and Uncertainties

The Board of Trustees have assessed the risks to which the Trust are exposed and have implemented actions to mitigate or eliminate them. The risk management process dictates that the Trust and all academies produce risk registers which are accompanied by a range of mitigation strategies (including ensuring policies are up to date, and that relevant members of senior staff are assigned to own each risk).

The internal audit function of the Trust is designed to test that key risks have been identified and that mitigation strategies are in place and robust.

The major risks, which have been identified by the Board of Trustees and have mitigation strategies in place are:

- Long term financial sustainability (including reductions in funding, student numbers, staffing costs, etc.)
- Financial fraud
- Educational performance
- Health & safety
- Disaster recovery
- Data breaches
- Safeguarding
- Loss of key staff

Where appropriate there is adequate insurance cover in place to mitigate any residual risk.

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TRUSTEES' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2019

Fundraising

As part of its work in the community, the Trust undertakes various fundraising activities. The Trust raises funds in order to support its own operations and also to make donations to local and national charities. The Trust undertakes all such activities itself, with the help of its students and their families. In relation to fundraising, the Trustees confirm that:

- No unsolicited approaches are made to members of the public
- No commercial participators are used
- No regulatory schemes or standards are applicable
- No complaints were made to the Trust during the year

Plans for future periods

The Trust had thirty academies as at 31 August 2019.

Opportunities for expanding the number of academies within Hamwic Education Trust within its current geographic boundaries will continue to be explored. The Trust currently has one school in conversion.

Future plans for the Trust are focussed on raising standards, educational outcomes and Ofsted judgements for all academies and upgrading internal information management systems to continue to meet current and future requirements.

Funds held as custodian Trustee on behalf of others

The Trust does not act as custodian Trustee on behalf of any others.

Employee involvement

During the year, the policy of providing employees with information about the Trust has been via internal media methods, regular meetings and conferences, which allow a free flow of information.

Employees and employment practice

The Trust pursues an employment policy of equal opportunity and strives to follow best practice in recruitment and selection. It does not discriminate on the grounds of race, nationality, sex, marital status, disability, religious or political beliefs.

Disabled employees

The Trust gives full consideration to applications for employment from disabled persons where the requirements of the job can be adequately fulfilled by a disabled person. Where existing employees become disabled, it is the Trust's policy wherever practicable to provide continuing employment under normal terms & conditions and to provide training & career development & promotion to disabled employees wherever appropriate.

Auditor

Insofar as the trustees are aware:

- There is no relevant audit information of which the charitable company's auditor is unaware
- The Trustees have taken all the steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

The Trustees' report, incorporating a strategic report, was approved by order of the Board of Trustees, as the company Directors, on 11 December 2019 and signed on its behalf by:

.....

D Ellis
Chair of Trustees

HAMWIC EDUCATION TRUST
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GOVERNANCE STATEMENT

Scope of responsibility

As Trustees, we acknowledge we have overall responsibility for ensuring that Hamwic Education Trust has an effective and appropriate system of control, financial and otherwise. However, such a system is designed to manage rather than eliminate the risk of failure to achieve business objectives, and can provide only reasonable and not absolute assurance against material misstatement or loss.

The Board of Trustees has delegated the day-to-day responsibility to the Chief Executive Officer, as Accounting Officer, for ensuring financial controls conform with the requirements of both propriety and good financial management and in accordance with the requirements and responsibilities assigned to it in the funding agreement between Hamwic Education Trust and the Secretary of State for Education. They are also responsible for reporting to the Board of Trustees any material weaknesses or breakdowns in internal control.

Governance

The information on governance included here supplements that described in the Trustees' report and in the Statement of Trustees' responsibilities. The Board of Trustees has formally met five times during the year.

Attendance during the year at meetings of the Board of Trustees was as follows:

Trustee	Meetings attended	Out of a possible
D Ellis, Chairperson	5	5
P Bray, Foundation	4	5
R Leach, Foundation	0	0
I Miller, Foundation	2	2
C Knox	5	5
M Parsons	1	1
S Rafter	2	2
A Thould, Foundation	2	3
A Wrighton	1	1

Changes to the composition of the Board of Trustees occurred during the year as per the Trust's governance review.

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GOVERNANCE STATEMENT (CONTINUED)

Governance (continued)

Governance Review

Hamwic Education Trust commissioned a review of governance across the Trust which was completed by 31 August 2019. This review was focussed on reviewing the:

- readiness for an Ofsted MAT evaluation
- structure, membership and terms of reference of the Board and its committees, including the scheme of delegation
- quality of challenge and evidence recorded
- due diligence process when considering taking new schools on
- risk management

As a result of the governance review the following actions were undertaken:

- review terms of references for the Board of Trustees and all committees to ensure that they reflect the operations of the Trust
- review the scheme of delegation to ensure that it is reflective of the operations of the Trust
- reconstitute the governance and ethos committee and the partnership boards to focus on communication and collaboration
- creation of the standards committee to focus on school performance, school improvement, curriculum development and Ofsted
- split the finance & audit committee into two separate committees (finance committee and audit committee)

These changes will ensure that the governance arrangements of the Trust are streamlined with an appropriate committee structure and more focused accountability

The Trust is conducting its next self-evaluation over the course of the year.

Finance & audit committee

The finance and audit committee was a sub-committee of the main Board of Trustees. It was composed of representation from the Board of Trustees. Its responsibilities covered:

- Internal controls and risk management
- Compliance, whistleblowing and fraud
- Internal audit
- External audit and statutory financial reporting
- Financial strategy
- Budgeting
- Financial monitoring and review

Attendance during the year at meetings was as follows:

Trustee	Meetings attended	Out of a possible
C Knox, Chairperson	5	5
P Bray	5	5
D Ellis	3	5

Following the governance review, the finance and audit committee has been reconstituted as two separate committees, the finance committee and the audit committee.

HAMWIC EDUCATION TRUST
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GOVERNANCE STATEMENT (CONTINUED)

Review of value for money

As Accounting Officer, the Chief Executive Officer has responsibility for ensuring that the Trust delivers good value in the use of public resources. The Accounting Officer understands that value for money refers to the educational and wider societal outcomes achieved in return for the taxpayer resources received.

The Accounting Officer considers how the Trust's use of its resources has provided good value for money during each academic year, and reports to the Board of Trustees where value for money can be improved, including the use of benchmarking data where appropriate. The Accounting Officer for the Trust has delivered improved value for money during the year by:

- encouraging close working relationships with groups of schools to enable proactive support and challenge across the Trust
- ensuring that educational outcomes & business functions have improved via the ongoing support of the managed services team
- reviewing procurement across the Trust to ensure better value, economies of scale and better services
- robust oversight of financial information and effective benchmarking

Over the next year the Trust will continue to focus on identifying areas where potential cost savings can be achieved and better value obtained.

The purpose of the system of internal control

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives. It can, therefore, only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an on-going process designed to identify and prioritise the risks to the achievement of Trust policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. The system of internal control has been in place in Hamwic Education Trust for the year 1 September 2018 to 31 August 2019 and up to the date of approval of the annual report and financial statements.

Capacity to handle risk

The Board of Trustees has reviewed the key risks to which the Trust is exposed together with the operating, financial and compliance controls that have been implemented to mitigate those risks. The Board of Trustees is of the view that there is a formal ongoing process for identifying, evaluating and managing the Trust's significant risks that has been in place for the year 1 September 2018 to 31 August 2019 and up to the date of approval of the annual report and financial statements. This process is regularly reviewed by the Board of Trustees.

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GOVERNANCE STATEMENT (CONTINUED)

The risk and control framework

The Trust's system of internal financial control is based on a framework of regular management information and administrative procedures including the segregation of duties and a system of delegation and accountability. In particular, it includes:

- comprehensive budgeting and monitoring systems with an annual budget and periodic financial reports which are reviewed and agreed by the Board of Trustees
- regular reviews by the finance & audit committee of reports which indicate financial performance against the forecasts and of major purchase plans, capital works and expenditure programmes
- setting targets to measure financial and other performance
- clearly defined purchasing (asset purchase or capital investment) guidelines
- delegation of authority and segregation of duties
- identification and management of risks

The Board of Trustees has considered the need for a specific internal audit function and has decided to appoint RSM as internal auditor.

The internal auditor's role includes giving advice on financial matters and performing a range of checks on the Trust's financial systems. In particular the checks carried out in the current period included:

- a review of governance across the Trust
- reviewing the due diligence that the Trust undertakes when taking on new schools
- reviewing risk management processes
- reviewing how strategic decisions are made by the Trust

On a regular basis, the internal auditor reported to the Board of Trustees, through the finance & audit committee on the operation of the systems of control and on the discharge of the Board of Trustees financial responsibilities.

Review of effectiveness

As Accounting Officer, the Chief Executive Officer has responsibility for reviewing the effectiveness of the system of internal control. During the year in question the review has been informed by:

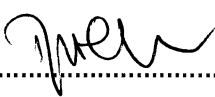
- the work of the internal auditors;
- the work of the external auditors;
- the work of the executive managers within the Trust who have responsibility for the development and maintenance of the internal control framework.


The Accounting Officer has been advised of the implications of the result of their review of the system of internal control by the finance and audit committee and a plan to address weaknesses and ensure continuous improvement of the system is in place.

HAMWIC EDUCATION TRUST
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GOVERNANCE STATEMENT (CONTINUED)

Approved by order of the members of the Board of Trustees on 11 December 2019 and signed on their behalf by:


.....
D Ellis
Chair of Trustees


.....
R Farmer
Accounting Officer

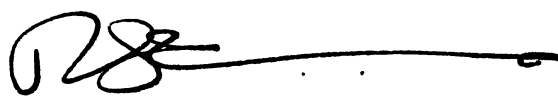
HAMWIC EDUCATION TRUST
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STATEMENT ON REGULARITY, PROPRIETY AND COMPLIANCE

As Accounting Officer of Hamwic Education Trust I have considered my responsibility to notify the Board of Trustees and the Education & Skills Funding Agency (ESFA) of material irregularity, impropriety and non-compliance with terms and conditions of all funding received by the Trust, under the funding agreement in place between the Trust and the Secretary of State for Education. As part of my consideration I have had due regard to the requirements of the Academies Financial Handbook 2018.

I confirm that I and the Board of Trustees are able to identify any material irregular or improper use of all funds by the Trust, or material non-compliance with the terms and conditions of funding under the Trust's funding agreement and the Academies Financial Handbook 2018.

I confirm that no instances of material irregularity, impropriety or funding non-compliance have been discovered to date. If any instances are identified after the date of this statement, these will be notified to the Board of Trustees and ESFA.



R Farmer
Accounting Officer
Date: 11 December 2019

HAMWIC EDUCATION TRUST
(A company limited by guarantee)

STATEMENT OF TRUSTEES' RESPONSIBILITIES
FOR THE YEAR ENDED 31 AUGUST 2019

The Trustees (who are also the Directors of the charitable company for the purposes of company law) are responsible for preparing the Trustees' report and the financial statements in accordance with the Academies Accounts Direction published by the Education & Skills Funding Agency, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and applicable law and regulations.

Company law requires the Trustees to prepare financial statements for each financial year. Under company law the Trustees must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the charitable company and of its incoming resources and application of resources, including its income and expenditure, for that period. In preparing these financial statements, the Trustees are required to:

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles of the Charities SORP 2015 and the Academies Accounts Direction 2018 to 2019;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in business.

The Trustees are responsible for keeping adequate accounting records that are sufficient to show and explain the charitable company's transactions and disclose with reasonable accuracy at any time the financial position of the charitable company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the charitable company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Trustees are responsible for ensuring that in its conduct and operation the charitable company applies financial and other controls, which conform with the requirements both of propriety and of good financial management. They are also responsible for ensuring grants received from ESFA/DfE have been applied for the purposes intended.

The Trustees are responsible for the maintenance and integrity of the corporate and financial information included on the charitable company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Approved by order of the members of the Board of Trustees on 11 December 2019 and signed on its behalf by:


.....
D Ellis
Chair of Trustees

HAMWIC EDUCATION TRUST
(A company limited by guarantee)

**INDEPENDENT AUDITORS' REPORT ON THE FINANCIAL STATEMENTS TO THE MEMBERS OF
HAMWIC EDUCATION TRUST**

Opinion

We have audited the financial statements of Hamwic Education Trust (the 'Trust') for the year ended 31 August 2019 which comprise the Statement of Financial Activities, the Balance Sheet, the Statement of Cash Flows and the related notes, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland', the Charities SORP 2015 and the Academies Accounts Direction 2018 to 2019 issued by the Education & Skills Funding Agency.

In our opinion the financial statements:

- give a true and fair view of the state of the Trust's affairs as at 31 August 2019 and of its incoming resources and application of resources, including its income and expenditure for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006, the Charities SORP 2015 and the Academies Accounts Direction 2018 to 2019 issued by the Education & Skills Funding Agency.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We are independent of the Trust in accordance with the ethical requirements that are relevant to our audit of the financial statements in the United Kingdom, including the Financial Reporting Council's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the Trustees' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the Trustees have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Trust's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

HAMWIC EDUCATION TRUST
(A company limited by guarantee)

**INDEPENDENT AUDITORS' REPORT ON THE FINANCIAL STATEMENTS TO THE MEMBERS OF
HAMWIC EDUCATION TRUST (CONTINUED)**

Other information

The Trustees are responsible for the other information. The other information comprises the information included in the Annual report, other than the financial statements and our Auditors' report thereon. Other information includes the Reference and administrative details, the Trustees' report including the Strategic report, and the Governance statement. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinion on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Trustees' report including the Strategic report for the financial year for which the financial statements are prepared is consistent with the financial statements.
- the Trustees' report and the Strategic report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of our knowledge and understanding of the Trust and its environment obtained in the course of the audit, we have not identified material misstatements in the Trustees' report including the Strategic report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of Trustees' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

HAMWIC EDUCATION TRUST
(A company limited by guarantee)

**INDEPENDENT AUDITORS' REPORT ON THE FINANCIAL STATEMENTS TO THE MEMBERS OF
HAMWIC EDUCATION TRUST (CONTINUED)**

Responsibilities of Trustees

As explained more fully in the Trustees' responsibilities statement, the Trustees (who are also the Directors of the Trust for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Trustees are responsible for assessing the Trust's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Trustees either intend to liquidate the Trust or to cease operations, or have no realistic alternative but to do so.

Auditors' responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an Auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our Auditors' report.

Use of our report

This report is made solely to the charitable trust's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the charitable trust's members those matters we are required to state to them in an Auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charitable trust and its members, as a body, for our audit work, for this report, or for the opinions we have formed.



Richard Hurst FCA (Senior statutory auditor)

for and on behalf of

Hopper Williams & Bell Limited

Statutory Auditor

Highland House

Mayflower Close

Chandlers Ford

Eastleigh

Hampshire

SO53 4AR

Date: 16 December 2019

HAMWIC EDUCATION TRUST
(A company limited by guarantee)

**INDEPENDENT REPORTING ACCOUNTANT'S ASSURANCE REPORT ON REGULARITY TO HAMWIC
EDUCATION TRUST AND THE EDUCATION & SKILLS FUNDING AGENCY**

In accordance with the terms of our engagement letter dated 1 September 2019 and further to the requirements of the Education & Skills Funding Agency (ESFA) as included in the Academies Accounts Direction 2018 to 2019, we have carried out an engagement to obtain limited assurance about whether the expenditure disbursed and income received by Hamwic Education Trust during the year 1 September 2018 to 31 August 2019 have been applied to the purposes identified by Parliament and the financial transactions conform to the authorities which govern them.

This report is made solely to Hamwic Education Trust and the ESFA in accordance with the terms of our engagement letter. Our work has been undertaken so that we might state to Hamwic Education Trust and ESFA those matters we are required to state in a report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than Hamwic Education Trust and ESFA, for our work, for this report, or for the conclusion we have formed.

Respective responsibilities of Hamwic Education Trust's Accounting Officer and the reporting accountant

The Accounting Officer is responsible, under the requirements of Hamwic Education Trust's funding agreement with the Secretary of State for Education dated 30 October 2018 and the Academies Financial Handbook, extant from 1 September 2018, for ensuring that expenditure disbursed and income received is applied for the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

Our responsibilities for this engagement are established in the United Kingdom by our profession's ethical guidance and are to obtain limited assurance and report in accordance with our engagement letter and the requirements of the Academies Accounts Direction 2018 to 2019. We report to you whether anything has come to our attention in carrying out our work which suggests that in all material respects, expenditure disbursed and income received during the year 1 September 2018 to 31 August 2019 have not been applied to purposes intended by Parliament or that the financial transactions do not conform to the authorities which govern them.

HAMWIC EDUCATION TRUST
(A company limited by guarantee)

**INDEPENDENT REPORTING ACCOUNTANT'S ASSURANCE REPORT ON REGULARITY TO HAMWIC
EDUCATION TRUST AND THE EDUCATION & SKILLS FUNDING AGENCY (CONTINUED)**

Approach

We conducted our engagement in accordance with the Academies Accounts Direction 2018 to 2019 issued by the ESFA. We performed a limited assurance engagement as defined in our engagement letter.

The objective of a limited assurance engagement is to perform such procedures as to obtain information and explanations in order to provide us with sufficient appropriate evidence to express a negative conclusion on regularity.

A limited assurance engagement is more limited in scope than a reasonable assurance engagement and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in a reasonable assurance engagement. Accordingly, we do not express a positive opinion.

Our engagement includes examination, on a test basis, of evidence relevant to the regularity and propriety of the Trust's income and expenditure.

We carried out the following:

- planning of assurance procedures including identifying key risks;
- substantive testing including analytical review;
- concluding on procedures carried out.

Substantive testing included the following procedures:

- confirming that activities conform to the Trust's framework of authorities;
- considering the evidence supporting the Accounting Officer's statement on regularity, propriety and compliance;
- evaluating the general control environment of the Trust;
- testing a sample of transactions to consider whether the transaction is permissible within the Trust's framework of authorities;
- confirming whether any extra contractual payments have been made and whether appropriate authority was obtained;
- reviewing documentation for evidence of borrowing and confirming if approval was obtained from the ESFA;
- confirming whether ESFA approval was obtained for any disposals of assets;
- reviewing the internal control procedures relating to charge/debit cards;
- reviewing for any indication of purchases for personal use by staff or officers;
- reviewing the list of suppliers to consider whether supplies are from related parties;
- considering whether income generating activities are permissible within the Trust's charitable objects;
- reviewing whether lettings to related parties are made at favourable rates.

Conclusion

In the course of our work, nothing has come to our attention which suggest in all material respects the expenditure disbursed and income received during the year 1 September 2018 to 31 August 2019 has not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.

HAMWIC EDUCATION TRUST
(A company limited by guarantee)

**INDEPENDENT REPORTING ACCOUNTANT'S ASSURANCE REPORT ON REGULARITY TO HAMWIC
EDUCATION TRUST AND THE EDUCATION & SKILLS FUNDING AGENCY (CONTINUED)**

Hub

Richard Hurst FCA

Hopper Williams & Bell Limited

Highland House
Mayflower Close
Chandlers Ford
Eastleigh
Hampshire
SO53 4AR

Date: *16 December 2019*

HAMWIC EDUCATION TRUST
(A company limited by guarantee)

**STATEMENT OF FINANCIAL ACTIVITIES (INCORPORATING INCOME AND EXPENDITURE ACCOUNT)
FOR THE YEAR ENDED 31 AUGUST 2019**

	Note	Unrestricted funds 2019 £000	Restricted funds 2019 £000	Restricted fixed asset funds 2019 £000	Total funds 2019 £000	Total funds 2018 £000
Income from:						
Donations and capital grants:	3					
Transfer from local authority on conversion		347	(1,896)	15,635	14,086	9,770
Transfer from existing academies		-	-	-	-	57,787
Other donations and capital grants		75	-	2,667	2,742	3,317
Charitable activities		-	47,383	-	47,383	35,142
Teaching schools		66	46	-	112	162
Other trading activities		1,406	1,013	-	2,419	1,997
Investments	6	9	-	-	9	6
Total income		1,903	46,546	18,302	66,751	108,181
Expenditure on:						
Charitable activities		37	53,517	2,263	55,817	40,618
Teaching schools		-	106	-	106	128
Total expenditure		37	53,623	2,263	55,923	40,746
Net income/ (expenditure)		1,866	(7,077)	16,039	10,828	67,435
Transfers between funds	17	(1,798)	1,606	192	-	-
Net movement in funds before other recognised gains/(losses)		68	(5,471)	16,231	10,828	67,435
Other recognised gains/(losses):						
Actuarial losses on defined benefit pension schemes	24	-	(6,066)	-	(6,066)	3,126
Net movement in funds		68	(11,537)	16,231	4,762	70,561

HAMWIC EDUCATION TRUST
(A company limited by guarantee)

STATEMENT OF FINANCIAL ACTIVITIES (INCORPORATING INCOME AND EXPENDITURE ACCOUNT)
(CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2019

Note	Unrestricted funds 2019 £000	Restricted funds 2019 £000	Restricted fixed asset funds 2019 £000	Total funds 2019 £000	<i>Total funds 2018 £000</i>
Reconciliation of funds:					
Total funds brought forward	4,316	(12,771)	103,091	94,636	24,075
Net movement in funds	68	(11,537)	16,231	4,762	70,561
Total funds carried forward	<u>4,384</u>	<u>(24,308)</u>	<u>119,322</u>	<u>99,398</u>	<u>94,636</u>

The Statement of financial activities includes all gains and losses recognised in the year.

The notes on pages 30 to 65 form part of these financial statements.

HAMWIC EDUCATION TRUST
(A company limited by guarantee)
REGISTERED NUMBER: 10749662

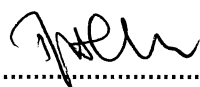
BALANCE SHEET
AS AT 31 AUGUST 2019

	Note	2019 £000	2018 £000
Fixed assets			
Tangible assets	14	117,023	101,401
		<u>117,023</u>	<u>101,401</u>
Current assets			
Debtors	15	1,853	3,675
Cash at bank and in hand		9,115	6,450
		<u>10,968</u>	<u>10,125</u>
Creditors: amounts falling due within one year	16	(4,285)	(4,035)
Net current assets		<u>6,683</u>	<u>6,090</u>
Total assets less current liabilities		<u>123,706</u>	<u>107,491</u>
Net assets excluding pension liability		<u>123,706</u>	<u>107,491</u>
Defined benefit pension scheme liability	24	(24,308)	(12,855)
Total net assets		<u><u>99,398</u></u>	<u><u>94,636</u></u>
Funds of the trust			
Restricted funds:			
Fixed asset funds	17	119,322	103,091
Restricted income funds	17	-	84
		<u>119,322</u>	<u>103,175</u>
Restricted funds excluding pension asset	17	119,322	103,175
Pension reserve	17	(24,308)	(12,855)
Total restricted funds	17	<u>95,014</u>	<u>90,320</u>
Unrestricted income funds	17	4,384	4,316
Total funds		<u><u>99,398</u></u>	<u><u>94,636</u></u>

HAMWIC EDUCATION TRUST
(A company limited by guarantee)

BALANCE SHEET (CONTINUED)
AS AT 31 AUGUST 2019

The financial statements on pages 25 to 65 were approved by the Trustees, and authorised for issue on 11 December 2019 and are signed on their behalf, by:



.....
D Ellis
Chair of Trustees

The notes on pages 30 to 65 form part of these financial statements.

HAMWIC EDUCATION TRUST
(A company limited by guarantee)

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 AUGUST 2019

	Note	2019 £000	<i>2018</i> <i>£000</i>
Cash flows from operating activities			
Net cash provided by operating activities	19	1,748	<i>4,427</i>
Cash flows from investing activities	20	917	<i>1,280</i>
Change in cash and cash equivalents in the year		2,665	<i>5,707</i>
Cash and cash equivalents at the beginning of the year		6,450	<i>743</i>
Cash and cash equivalents at the end of the year	21	<u>9,115</u>	<u><i>6,450</i></u>

The notes on pages 30 to 65 form part of these financial statements

HAMWIC EDUCATION TRUST
(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2019

1. Accounting policies

A summary of the principal accounting policies adopted (which have been applied consistently, except where noted), judgements and key sources of estimation uncertainty, is set out below.

1.1 Basis of preparation of financial statements

The financial statements of the Trust, which is a public benefit entity under FRS 102, have been prepared under the historic cost convention in accordance with the Financial Reporting Standard Applicable in the UK and Republic of Ireland (FRS 102), the Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (Charities SORP (FRS 102)), the Academies Accounts Direction 2018 to 2019 issued by ESFA, the Charities Act 2011 and the Companies Act 2006.

Hamwic Education Trust meets the definition of a public benefit entity under FRS 102.

1.2 Going concern

The Trustees assess whether the use of going concern is appropriate i.e. whether there are any material uncertainties related to events or conditions that may cast significant doubt on the ability of the Trust to continue as a going concern. The Trustees make this assessment in respect of a period of at least one year from the date of authorisation for issue of the financial statements and have concluded that the Trust has adequate resources to continue in operational existence for the foreseeable future and there are no material uncertainties about the Trust's ability to continue as a going concern, thus they continue to adopt the going concern basis of accounting in preparing the financial statements.

HAMWIC EDUCATION TRUST
(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2019

1. Accounting policies (continued)

1.3 Income

All incoming resources are recognised when the Trust has entitlement to the funds, the receipt is probable and the amount can be measured reliably.

- **Grants**

Grants are included in the Statement of financial activities on a receivable basis. The balance of income received for specific purposes but not expended during the period is shown in the relevant funds on the Balance sheet. Where income is received in advance of meeting any performance-related conditions there is not unconditional entitlement to the income and its recognition is deferred and included in creditors as deferred income until the performance-related conditions are met. Where entitlement occurs before income is received, the income is accrued.

General Annual Grant is recognised in full in the Statement of financial activities in the year for which it is receivable and any abatement in respect of the year is deducted from income and recognised as a liability.

Capital grants are recognised in full when there is an unconditional entitlement to the grant. Unspent amounts of capital grants are reflected in the Balance sheet in the restricted fixed asset fund. Capital grants are recognised when there is entitlement and are not deferred over the life of the asset on which they are expended.

- **Donations**

Donations are recognised on a receivable basis (where there are no performance-related conditions) where the receipt is probable and the amount can be reliably measured.

- **Other income**

Other income, including the hire of facilities, is recognised in the year it is receivable and to the extent the Trust has provided the goods or services.

- **Transfer on conversion**

Where assets and liabilities are received by the Trust on conversion to an academy, the transferred assets are measured at fair value and recognised in the Balance sheet at the point when the risks and rewards of ownership pass to the Trust. An equal amount of income is recognised as a transfer on conversion within 'Income from Donations and Capital Grants' to the net assets received.

- **Transfer of existing academies into the Trust**

Where assets and liabilities are received on the transfer of an existing academy into the Trust, the transferred assets are measured at fair value and recognised in the Balance sheet at the point when the risks and rewards of ownership pass to the Trust. An equal amount of income is recognised for the transfer of an existing academy into the Trust within 'Income from Donations and Capital Grants' to the net assets acquired.

HAMWIC EDUCATION TRUST
(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2019

1. Accounting policies (continued)

1.4 Expenditure

Expenditure is recognised once there is a legal or constructive obligation to transfer economic benefit to a third party, it is probable that a transfer of economic benefits will be required in settlement and the amount of the obligation can be measured reliably. Expenditure is classified by activity. The costs of each activity are made up of the total of direct costs and shared costs, including support costs involved in undertaking each activity. Direct costs attributable to a single activity are allocated directly to that activity. Shared costs which contribute to more than one activity and support costs which are not attributable to a single activity are apportioned between those activities on a basis consistent with the use of resources. Central staff costs are allocated on the basis of time spent, and depreciation charges allocated on the portion of the asset's use.

- **Charitable activities**

These are costs incurred on the Trust's educational operations, including support costs and costs relating to the governance of the Trust apportioned to charitable activities.

All resources expended are inclusive of irrecoverable VAT.

1.5 Interest receivable

Interest on funds held on deposit is included when receivable and the amount can be measured reliably by the Trust; this is normally upon notification of the interest paid or payable by the institution with whom the funds are deposited.

1.6 Taxation

The Trust is considered to pass the tests set out in Paragraph 1 Schedule 6 of the Finance Act 2010 and therefore it meets the definition of a charitable company for UK corporation tax purposes.

Accordingly, the Trust is potentially exempt from taxation in respect of income or capital gains received within categories covered by Part 11, chapter 3 of the Corporation Tax Act 2010 or Section 256 of the Taxation of Chargeable Gains Act 1992, to the extent that such income or gains are applied exclusively to charitable purposes.

HAMWIC EDUCATION TRUST
(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2019

1. Accounting policies (continued)

1.7 Tangible fixed assets

Assets costing £3,000 or more are capitalised as tangible fixed assets and are carried at cost, net of depreciation and any provision for impairment.

Where tangible fixed assets have been acquired with the aid of specific grants, either from the government or from the private sector, they are included in the Balance Sheet at cost and depreciated over their expected useful economic life. Where there are specific conditions attached to the funding requiring the continued use of the asset, the related grants are credited to a restricted fixed asset fund in the Statement of Financial Activities and carried forward in the Balance Sheet. Depreciation on the relevant assets is charged directly to the restricted fixed asset fund in the Statement of Financial Activities. Where tangible fixed assets have been acquired with unrestricted funds, depreciation on such assets is charged to the unrestricted fund.

As described in note 14, the Trust occupies school land and buildings under supplementary agreements with the Diocese of Salisbury.

The Trustees have considered the license arrangements for each school's land and buildings in the context of the accounting requirement set out in the Academies Accounts Direct 2018 to 2019 and have determined that the conditions required to conclude that the Trust has control over one of the school's land and buildings are not met and consequently those land and buildings are not recognised in the financial statements. The license arrangements allow the Trust to occupy the land and buildings free of charge and no income or expenditure is recognised for the rent free occupation because the Trustees do not consider that a reliable measure of the amount the Trust would otherwise have to pay to secure the premises can be made.

Depreciation is provided on all tangible fixed assets other than freehold land and assets under construction, at rates calculated to write off the cost of each asset on a straight-line basis over its expected useful life, as follows:

Depreciation is provided on the following bases:

Freehold and leasehold land	- Not provided
Freehold and leasehold buildings	- 50 years straight line
Furniture and equipment	- 5 years straight line
Computer equipment	- 5 years straight line
Motor vehicles	- 5 years straight line

Assets in the course of construction are included at cost. Depreciation on these assets is not charged until they are brought into use and reclassified to freehold or leasehold land and buildings.

Long leasehold land has not been depreciated as it is similar to freehold land, which does not require depreciation.

A review for impairment of a fixed asset is carried out if events or changes in circumstances indicate that the carrying value of any fixed asset may not be recoverable. Shortfalls between the carrying value of fixed assets and their recoverable amounts are recognised as impairments. Impairment losses are recognised in the Statement of Financial Activities.

HAMWIC EDUCATION TRUST
(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2019

1. Accounting policies (continued)

1.8 Debtors

Trade and other debtors are recognised at the settlement amount after any trade discount offered. Prepayments are valued at the amount prepaid net of any trade discounts due.

1.9 Cash at bank and in hand

Cash at bank and in hand includes cash and short-term highly liquid investments with a short maturity of three months or less from the date of acquisition or opening of the deposit or similar account.

1.10 Liabilities

Liabilities are recognised when there is an obligation at the Balance Sheet date as a result of a past event, it is probable that a transfer of economic benefit will be required in settlement, and the amount of the settlement can be estimated reliably. Liabilities are recognised at the amount that the Trust anticipates it will pay to settle the debt or the amount it has received as advanced payments for the goods or services it must provide.

1.11 Financial instruments

The Trust only holds basic financial instruments as defined in FRS 102. The financial assets and financial liabilities of the trust and their measurement bases are as follows:

Financial assets - trade and other debtors are basic financial instruments and are debt instruments measured at amortised cost as detailed in note 15. Prepayments are not financial instruments. Cash at bank is classified as a basic financial instrument and is measured at face value.

Financial liabilities - trade creditors, accruals and other creditors are financial instruments, and are measured at amortised cost as detailed in note 16. Taxation and social security are not included in the financial instruments disclosure definition. Deferred income is not deemed to be a financial liability, as the cash settlement has already taken place and there is an obligation to deliver services rather than cash or another financial instrument. Amounts due to the Trust's wholly owned subsidiary are held at face value less any impairment.

1.12 Operating leases

Rentals paid under operating leases are charged to the Statement of Financial Activities on a straight line basis over the lease term.

HAMWIC EDUCATION TRUST
(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2019

1. Accounting policies (continued)

1.13 Pensions

Retirement benefits to employees of the Trust are provided by the Teachers' Pension Scheme ("TPS") and the Local Government Pension Scheme ("LGPS"). These are defined benefit schemes.

The TPS is an unfunded scheme and contributions are calculated so as to spread the cost of pensions over employees' working lives with the Trust in such a way that the pension cost is a substantially level percentage of current and future pensionable payroll. The contributions are determined by the Government Actuary on the basis of quadrennial valuations using a prospective unit credit method. TPS is an unfunded multi-employer scheme with no underlying assets to assign between employers. Consequently, the TPS is treated as a defined contribution scheme for accounting purposes and the contributions recognised in the period to which they relate.

The LGPS is a funded multi-employer scheme and the assets are held separately from those of the Trust in separate Trustee administered funds. Pension scheme assets are measured at fair value and liabilities are measured on an actuarial basis using the projected unit credit method and discounted at a rate equivalent to the current rate of return on a high quality corporate bond of equivalent term and currency to the liabilities. The actuarial valuations are obtained at least triennially and are updated at each Balance Sheet date. The amounts charged to operating surplus are the current service costs and the costs of scheme introductions, benefit changes, settlements and curtailments. They are included as part of staff costs as incurred. Net interest on the net defined benefit liability/asset is also recognised in the Statement of Financial Activities and comprises the interest cost on the defined benefit obligation and interest income on the scheme assets, calculated by multiplying the fair value of the scheme assets at the beginning of the period by the rate used to discount the benefit obligations. The difference between the interest income on the scheme assets and the actual return on the scheme assets is recognised in other recognised gains and losses.

Actuarial gains and losses are recognised immediately in other recognised gains and losses.

1.14 Conversion to an academy trust

The conversion from a state maintained school to a Trust involved the transfer of identifiable assets and liabilities and the operation of the school for £nil consideration. The substance of the transfer is that of a gift and it has been accounted for on that basis as set out below.

The assets and liabilities transferred on conversion from Lytchett Matravers Primary School, Upton Infant School, Upton Junior School, and Weston Shore Infant School to the Trust have been valued at their fair value. The fair value has been derived based on that of equivalent items. The amounts have been recognised under the appropriate Balance Sheet categories, with a corresponding amount recognised in Income from Donations and Capital Grants in the Statement of Financial Activities and analysed under unrestricted funds, restricted general funds and restricted fixed asset funds.

Further details of the transaction are set out in note 22.

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2019

1. Accounting policies (continued)

1.15 Fund accounting

Unrestricted income funds represent those resources which may be used towards meeting any of the charitable objects of the Trust at the discretion of the Trustees.

Restricted fixed asset funds are resources which are to be applied to specific capital purposes imposed by the funders where the asset acquired or created is held for a specific purpose.

Restricted general funds comprise all other restricted funds received with restrictions imposed by the funder/donor and include grants from the Department for Education Group.

Investment income, gains and losses are allocated to the appropriate fund.

2. Critical accounting estimates and areas of judgement

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Critical accounting estimates and assumptions:

The Trust makes estimates and assumptions concerning the future. The resulting accounting estimates and assumptions will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

The present value of the Local Government Pension Scheme defined benefit liability depends on a number of factors that are determined on an actuarial basis using a variety of assumptions. The assumptions used in determining the net cost or income for pensions include the discount rate. Any changes in these assumptions, which are disclosed in note 24, will impact the carrying amount of the pension liability. Furthermore a roll forward approach which projects results from the latest full actuarial valuation performed at 31 March 2016 has been used by the actuary in valuing the pensions liability at 31 August 2019. Any differences between the figures derived from the roll forward approach and a full actuarial valuation would impact on the carrying amount of the pension liability.

Critical areas of judgement:

There are no other critical areas of judgement.

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**NOTES TO THE FINANCIAL STATEMENTS
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3. Income from donations and capital grants

	Unrestricted funds 2019 £000	Restricted funds 2019 £000	Restricted fixed asset funds 2019 £000	Total funds 2019 £000
Transfer from local authority on conversion	347	(1,896)	15,635	14,086
Transfer from existing academies on conversion	-	-	-	-
	<u>347</u>	<u>(1,896)</u>	<u>15,635</u>	<u>14,086</u>
Donations	75	-	-	75
Capital grants	-	-	2,667	2,667
	<u>75</u>	<u>-</u>	<u>2,667</u>	<u>2,742</u>
	<u>422</u>	<u>(1,896)</u>	<u>18,302</u>	<u>16,828</u>
	<i>Unrestricted funds 2018 £000</i>	<i>Restricted funds 2018 £000</i>	<i>Restricted fixed asset funds 2018 £000</i>	<i>Total funds 2018 £000</i>
Transfer from local authority on conversion	1,003	(1,955)	10,722	9,770
Transfer from existing academies on conversion	2,583	(8,057)	(63,261)	(68,735)
	<u>3,586</u>	<u>(10,012)</u>	<u>(52,539)</u>	<u>(58,965)</u>
Donations	91	-	126,522	126,613
Grants	-	-	3,226	3,226
	<u>91</u>	<u>-</u>	<u>129,748</u>	<u>129,839</u>
	<u>3,677</u>	<u>(10,012)</u>	<u>77,209</u>	<u>70,874</u>

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2019

4. Funding for the academy Trust's educational operations

	Restricted funds 2019 £000	Total funds 2019 £000	<i>Total funds 2018 £000</i>
DfE/ESFA grants			
General Annual Grant (GAG)	40,147	40,147	29,982
DfE/ESFA start up grants	145	145	100
DfE/ESFA other grants	5,844	5,844	3,961
	<hr/> 46,136	<hr/> 46,136	<hr/> 34,043
Other government grants			
Local authority grants	533	533	458
Special educational projects	714	714	641
	<hr/> 47,383	<hr/> 47,383	<hr/> 35,142
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2019**

5. Income from other trading activities

	Unrestricted funds 2019 £000	Restricted funds 2019 £000	Total funds 2019 £000
Hire of facilities	213	-	213
Catering income	-	513	513
Shop income	22	-	22
Trip income	-	500	500
Club income	610	-	610
Consultancy income	99	-	99
Music income	67	-	67
Other income	395	-	395
	<u>1,406</u>	<u>1,013</u>	<u>2,419</u>

	<i>Unrestricted funds 2018 £000</i>	<i>Restricted funds 2018 £000</i>	<i>Total funds 2018 £000</i>
Hire of facilities	151	-	151
Catering income	-	372	372
Shop income	16	-	16
Trip income	-	373	373
Club income	385	-	385
Consultancy income	339	-	339
Music income	44	-	44
Other income	317	-	317
	<u>1,252</u>	<u>745</u>	<u>1,997</u>

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NOTES TO THE FINANCIAL STATEMENTS
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6. Investment income

	Unrestricted funds 2019 £000	Total funds 2019 £000	<i>Total funds 2018 £000</i>
Short term deposits	9	9	6

7. Expenditure

	Staff Costs 2019 £000	Premises 2019 £000	Other 2019 £000	Total 2019 £000
Academy Trust educational operations:				
Direct costs	33,449	-	2,849	36,298
Allocated support costs	11,217	4,420	3,882	19,519
Teaching school	71	-	35	106
	<u>44,737</u>	<u>4,420</u>	<u>6,766</u>	<u>55,923</u>

	<i>Staff Costs 2018 £000</i>	<i>Premises 2018 £000</i>	<i>Other 2018 £000</i>	<i>Total 2018 £000</i>
Academy Trust educational operations:				
Direct costs	24,860	-	2,155	27,015
Allocated support costs	7,750	2,938	2,915	13,603
Teaching school	72	-	56	128
<i>Total 2018</i>	<u>32,682</u>	<u>2,938</u>	<u>5,126</u>	<u>40,746</u>

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2019

8. Analysis of expenditure by activities

	Activities undertaken directly 2019 £000	Support costs 2019 £000	Total funds 2019 £000
Academy Trust educational operations	36,298	19,519	55,817

	<i>Activities undertaken directly 2018 £000</i>	<i>Support costs 2018 £000</i>	<i>Total funds 2018 £000</i>
Academy Trust educational operations	27,015	13,603	40,618

Analysis of support costs

	Academy Trust educational operations 2019 £000	Total funds 2019 £000	<i>Total funds 2018 £000</i>
Staff costs	11,217	11,217	7,750
Depreciation	1,772	1,772	1,392
Technology costs	494	494	386
Premises costs	2,648	2,648	1,546
Governance costs	194	194	226
Other costs	3,194	3,194	2,303
	19,519	19,519	13,603

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2019

9. Net income/(expenditure)

Net income/(expenditure) for the year includes:

	2019	2018
	£000	£000
Operating lease rentals	125	115
Depreciation of tangible fixed assets	1,772	1,392
Fees paid to auditors for:		
- audit	59	60
- other services	5	15
	=====	=====

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**NOTES TO THE FINANCIAL STATEMENTS
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10. Staff costs

a. Staff costs

Staff costs during the year were as follows:

	2019 £000	2018 £000
Wages and salaries	32,084	24,002
Social security costs	2,867	2,131
Pension costs	8,996	5,963
	<u>43,947</u>	<u>32,096</u>
Agency staff costs	697	523
Staff restructuring costs	93	63
	<u>44,737</u>	<u>32,682</u>

Staff restructuring costs comprise:

	2019 £000	2018 £000
Redundancy payments	23	29
Severance payments	65	34
Mutual agreement payment	5	-
	<u>93</u>	<u>63</u>

b. Non-statutory/non-contractual staff severance payments

Included in staff restructuring costs are non statutory/non contractual severance payments totalling £65,330 (2018: £33,973). Individually, the payments were: £27,200, £15,000, £10,000, £8,130, and £5,000.

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NOTES TO THE FINANCIAL STATEMENTS
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10. Staff costs (continued)

c. Staff numbers

The average number of persons employed by the Trust during the year was as follows:

	2019	2018
	No.	No.
Teachers	501	386
Management	70	70
Support	1,070	807
	<hr/> 1,641 <hr/>	<hr/> 1,263 <hr/>

d. Higher paid staff

The number of employees whose employee benefits (excluding employer pension costs) exceeded £60,000 was:

	2019	2018
	No.	No.
In the band £60,001 - £70,000	10	10
In the band £70,001 - £80,000	8	8
In the band £80,001 - £90,000	2	2
In the band £90,001 - £100,000	1	1
In the band £100,001 - £110,000	1	-
In the band £110,001 - £120,000	2	2
In the band £150,001 - £160,000	1	1
	<hr/> 1 <hr/>	<hr/> 1 <hr/>

e. Key management personnel

The key management personnel of the Trust comprise the senior management team as listed on page 1. The total amount of staff costs in respect of the key management personnel was £505,460 (2018: £522,566).

11. Trustees' remuneration and expenses

During the year, no Trustees received any remuneration or other benefits (2018 - £NIL).

During the year ended 31 August 2019, expenses totalling £1,184 were reimbursed or paid directly to 4 Trustees (2018 - £1,463 to 3 Trustees).

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2019

12. Trustees' and Officers' insurance

The Trust has opted into the Department of Education's risk protection arrangement (RPA), an alternative to insurance where UK government funds cover losses that arise. This scheme protects Trustees and officers from claims arising from negligent acts, errors or omissions occurring whilst on academy business, and provides cover up to £10,000,000. It is not possible to quantify the Trustees and officers indemnity element from the overall cost of the RPA scheme membership.

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2019**

13. Central services

The Trust has provided the following central services to its academies during the year:

- Standards
- Human resources services
- Financial and legal services
- Educational support services
- Information technology services
- Health and safety services
- Facility management services
- Leadership and management services

The Trust charges for these services on the following basis:

Flat percentage of GAG income (5% for secondary schools and 5.5% for all other schools)

The actual amounts charged during the year were as follows:

	2019	2018
	£000	£000
Bearwood Primary & Nursery School	44	21
Beechwood Junior School	81	73
Beechwood Training School	2	2
Bishop Aldhem's C of E Primary School	113	103
Gatcombe Park Primary School	44	42
Glenfield Infant School	58	56
Hamwic SCITT	2	2
Hamwic Teaching School	-	2
Hamworthy Park Junior School	92	38
Harefield Primary School	88	85
Hollybrook Infant School	39	27
Hollybrook Junior School	48	31
Livingstone Road Infant School	61	72
Livingstone Road Junior School	58	61
Ludlow Infant Academy	58	56
Lytchett Matravets Primary School	65	-
Shirley Infant School	55	38
Shirley Junior School	70	51
Sholing Infant School	56	32
Sholing Junior School	67	34
Southampton Children's Hospital School	31	22
Springdale First School	56	26
Talbot Primary School	116	104
Thornhill Primary School	95	74

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2019

13. Central services (continued)

Townhill Infant School	58	57
Twin Sails Infant & Nursery School	70	33
Upper Shirley High School	223	154
Upton Infant School	43	-
Upton Junior School	60	-
Weston Park Primary School	134	133
Weston Shore Infant School	7	-
Westover Primary School	73	67
Wordsworth Primary School	122	81
Total	<u>2,189</u>	<u>1,577</u>

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**NOTES TO THE FINANCIAL STATEMENTS
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14. Tangible fixed assets

	Freehold property £000	Long-term leasehold property £000	Assets under construction £000	Furniture and equipment £000	Computer equipment £000	Motor vehicles £000	Total £000
Cost or valuation							
At 1 September 2018	28,402	72,267	1,416	219	539	7	102,850
Additions	190	557	741	132	139	-	1,759
On conversion	2,950	12,685	-	-	-	-	15,635
Transfers between classes	1,844	30	(1,874)	-	-	-	-
At 31 August 2019	33,386	85,539	283	351	678	7	120,244
Depreciation							
At 1 September 2018	324	925	-	52	145	3	1,449
Charge for the year	427	1,095	-	72	174	4	1,772
At 31 August 2019	751	2,020	-	124	319	7	3,221
Net book value							
At 31 August 2019	32,635	83,519	283	227	359	-	117,023
At 31 August 2018	28,078	71,342	1,416	167	394	4	101,401

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2019**

14. Tangible fixed assets continued

In addition to the land and buildings disclosed above, the Trust has also entered into a supplementary agreement with a notice period of two years with the Diocese of Salisbury who are the legal owners of the land and buildings of Bishop Aldhelm's C of E Primary School. These land and buildings were valued by an unconnected firm of chartered surveyors on the 3 August 2017 at £6,000,000.

15. Debtors

	2019 £000	2018 £000
Due within one year		
Trade debtors	61	75
Other debtors	895	2,712
Prepayments and accrued income	636	595
Tax recoverable	261	293
	<u>1,853</u>	<u>3,675</u>

16. Creditors: Amounts falling due within one year

	2019 £000	2018 £000
Trade creditors	794	811
Other taxation and social security	707	595
Other creditors	1,105	1,028
Accruals and deferred income	1,679	1,601
	<u>4,285</u>	<u>4,035</u>
	<u>2019 £000</u>	<u>2018 £000</u>
Deferred income at brought forward	1,093	240
Resources deferred during the year	1,056	1,093
Amounts released from previous periods	(1,093)	(240)
Deferred income carried forward	<u>1,056</u>	<u>1,093</u>

Deferred income represents amounts received for universal infant free school meals, special educational needs, trip income and other grants which are in respect of the forthcoming year.

Included in accruals is a Salix loan of £10,500 (2018: £12,000).

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2019**

17. Statement of funds

	Balance at 1 September 2018 £000	Income £000	Expenditure £000	Transfers in/out £000	Gains/ (Losses) £000	Balance at 31 August 2019 £000
Unrestricted funds						
Reserves	4,316	1,903	(37)	(1,798)	-	4,384
Restricted general funds						
General Annual Grant (GAG)	-	40,147	(41,645)	1,498	-	-
Start Up Grant	70	145	(215)	-	-	-
Pupil Premium	-	3,400	(3,400)	-	-	-
Teaching School	-	46	(106)	60	-	-
SCITT	14	-	(62)	48	-	-
Other grants	-	3,691	(3,691)	-	-	-
Other educational activities	-	1,013	(1,013)	-	-	-
Pension reserve	(12,855)	(1,896)	(3,491)	-	(6,066)	(24,308)
	<u>(12,771)</u>	<u>46,546</u>	<u>(53,623)</u>	<u>1,606</u>	<u>(6,066)</u>	<u>(24,308)</u>
Restricted fixed asset funds						
Fixed asset fund	101,401	15,635	(1,772)	1,759	-	117,023
DfE/ESFA capital grants	1,690	2,667	(491)	(1,567)	-	2,299
	<u>103,091</u>	<u>18,302</u>	<u>(2,263)</u>	<u>192</u>	<u>-</u>	<u>119,322</u>
Total Restricted funds	<u>90,320</u>	<u>64,848</u>	<u>(55,886)</u>	<u>1,798</u>	<u>(6,066)</u>	<u>95,014</u>
Total funds	<u><u>94,636</u></u>	<u><u>66,751</u></u>	<u><u>(55,923)</u></u>	<u><u>-</u></u>	<u><u>(6,066)</u></u>	<u><u>99,398</u></u>

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2019

17. Statement of funds (continued)

The specific purposes for which the funds are to be applied are as follows:

General annual grant

This includes all funding received from the ESFA to carry out the objectives of the Trust. It includes the following funding streams:

- school budget share;
- minimum funding guarantee;
- education services grant;
- rates.

Start up grant

This is funding received from the DfE to cover the one off expenses associated with conversion to academy status.

Other DfE/ESFA grants

This is funding received from the ESFA for specific purposes, for example pupil premium funding.

Teaching School

Teaching schools are outstanding schools that work with others to provide high quality training and development to new and experienced school staff. This is funding received from the DfE/ESFA for this purpose.

Schools Direct

This is funding received from the DfE/ESFA in respect of School Direct courses for initial teacher training.

Local authority grants

This is funding received from the local authority for specific purposes, for example special educational needs funding.

Other educational activities

This includes all other educational income/expenditure.

Pension reserve

This represents the negative reserve in respect of the liability on the LGPS pension scheme which was transferred to the Trust on conversion.

Fixed asset fund

The fund includes the value of the tangible fixed assets of the Trust on conversion, and amounts transferred from GAG or other restricted funds specifically for expenditure on tangible fixed assets, and the annual charges for depreciation of these assets.

Under the funding agreement with the Secretary of State, the Trust was not subject to a limit on the amount of GAG it could carry forward at 31 August 2019.

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NOTES TO THE FINANCIAL STATEMENTS
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17. Statement of funds (continued)

Total funds analysis by academy

Fund balances at 31 August 2019 were allocated as follows:

	2019	2018
	£000	£000
Bearwood Primary & Nursery School	38	23
Beechwood Junior School	(27)	(65)
Beechwood Teaching School	1	(12)
Bishop Aldhelm's C of E Primary School	356	341
Gatcombe Park Primary School	42	31
Glenfield Infant School	5	14
Hamwic Education Trust	347	150
Hamwic SCITT	7	14
Hamwic Teaching School	81	88
Hamworthy Park Junior School	137	33
Harefield Primary School	573	787
Hollybrook Infant School	112	199
Hollybrook Junior School	(35)	(58)
Jefferys Education Partnership	85	141
Livingstone Road Infant School	127	316
Livingstone Road Junior School	52	97
Ludlow Infant Academy	30	186
Lytchett Matravvers Primary School	67	-
Shirley Infant School	111	109
Shirley Junior School	40	43
Sholing Infant School	141	144
Sholing Junior School	276	273
Southampton Children's Hospital School	217	273
Springdale First School	32	14
Talbot Primary School	254	278
Thornhill Primary School	275	243
Townhill Infant School	52	100
Twin Sails Infant & Nursery School	32	42
Upper Shirley High School	433	281
Upton Infant School	86	-
Upton Junior School	132	-
Weston Park Primary School	99	203
Weston Shore Infant School	49	-
Westover Primary School	(17)	(59)

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**NOTES TO THE FINANCIAL STATEMENTS
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17. Statement of funds (continued)

	2019 £000	2018 £000
Wordsworth Primary School	174	171
Total before fixed asset funds and pension reserve	4,384	4,400
Restricted fixed asset fund	119,322	103,091
Pension reserve	(24,308)	(12,855)
Total	99,398	94,636

The following academies are carrying a net deficit on their portion of the funds as follows:

	Deficit £000
Beechwood Junior School	27
Hollybrook Junior School	35
Westover Primary School	17

The Trust is taking the following actions to return the academies to a surplus position:

Beechwood Junior School is in a deficit position due to the impact of lagged funding during a period of growth. The growth phase of the school has now been completed and the school is working towards eliminating the deficit in 2019/20. The actions taken include reviewing all areas of income and expenditure, reviewing staffing structure and succession planning and ensuring the maintenance of the quality of teaching and learning.

Hollybrook Junior School is in a deficit position due to the investment required to facilitate school improvement during a period of low pupil numbers. The school has developed a medium term budget that returns to a surplus position over the next 24 months via increasing pupil numbers and reviewing staffing structures.

Westover Primary School is in a deficit position due to the investment required to facilitate school improvement during a period of low pupil numbers and growth. The school has developed a medium term budget that returns to a surplus position over the next 24 months via increasing pupil numbers, reviewing staffing structures and reviewing non staffing expenditure.

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**NOTES TO THE FINANCIAL STATEMENTS
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17. Statement of funds (continued)

Total cost analysis by academy

Expenditure incurred by each academy during the year was as follows:

	Teaching and educational support staff costs £000	Other support staff costs £000	Educational supplies £000	Other costs excluding depreciation £000	Total 2019 £000
Bearwood Primary & Nursery School	668	191	76	115	1,050
Beechwood Junior School	1,256	342	152	202	1,952
Beechwood Teaching School	68	6	15	17	106
Bishop Aldhelm's C of E Primary School	1,719	506	150	228	2,603
Gatcombe Park Primary School	636	193	83	128	1,040
Glenfield Infant School	842	310	62	188	1,402
Hamwic Education Trust	18	1,699	18	399	2,134
Hamwic SCITT	14	10	39	3	66
Hamwic Teaching School	-	-	1	-	1
Hamworthy Park Junior School	1,429	358	111	217	2,115
Harefield Primary School	1,441	373	133	283	2,230
Hollybrook Infant School	554	191	36	139	920
Hollybrook Junior School	645	222	67	138	1,072
Jefferys Education Partnership	36	-	5	2	43
Livingstone Road Infant School	998	323	50	187	1,558
Livingstone Road Junior School	832	300	53	170	1,355
Ludlow Infant Academy	945	319	79	185	1,528
Lytchett Matravers Primary School	977	221	84	178	1,460
Shirley Infant School	783	230	43	156	1,212
Shirley Junior School	988	292	130	177	1,587
Sholing Infant School	773	271	62	182	1,288
Sholing Junior School	1,026	286	139	234	1,685
Southampton Children's Hospital School	523	94	17	34	668
Springdale First School	824	241	57	171	1,293
Talbot Primary School	1,838	472	157	339	2,806
Thornhill Primary School	1,537	375	105	258	2,275
Townhill Infant School	914	266	61	160	1,401

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2019**

17. Statement of funds (continued)

		Teaching and educational support staff costs £000	Other support staff costs £000	Educational supplies £000	Other costs excluding depreciation £000
Twin Sails Infant & Nursery School	1,226	290	47	251	1,814
Upper Shirley High School	3,038	1,071	327	582	5,018
Upton Infant School	746	193	37	149	1,125
Upton Junior School	896	210	91	125	1,322
Weston Park Primary School	2,153	543	119	410	3,225
Weston Shore Infant School	87	38	4	39	168
Westover Primary School	1,113	289	64	184	1,650
Wordsworth Primary School	1,974	495	191	319	2,979
Trust	33,517	11,220	2,865	6,549	54,151

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17. Statement of funds (continued)

Comparative information in respect of the preceding year is as follows:

	<i>Balance at 1 September 2017 £000</i>	<i>Income £000</i>	<i>Expenditure £000</i>	<i>Transfers in/out £000</i>	<i>Gains/ (Losses) £000</i>	<i>Balance at 31 August 2018 £000</i>
Unrestricted funds						
Reserves	1,022	4,976	(23)	(1,659)	-	4,316
Restricted general funds						
General Annual Grant (GAG)	-	29,982	(29,982)	-	-	-
Start Up Grant	110	100	(140)	-	-	70
Pupil Premium	-	2,490	(2,490)	-	-	-
Teaching School	-	121	(128)	7	-	-
SCITT	-	99	(85)	-	-	14
Other grants	-	2,690	(2,690)	-	-	-
Other educational activities	-	526	(1,891)	1,365	-	-
Pension reserve	(4,044)	(10,012)	(1,925)	-	3,126	(12,855)
	<u>(3,934)</u>	<u>25,996</u>	<u>(39,331)</u>	<u>1,372</u>	<u>3,126</u>	<u>(12,771)</u>
Restricted fixed asset funds						
Fixed asset fund	26,857	73,970	(1,392)	1,965	-	101,400
DfE/ESFA capital grants	130	3,239	-	(1,678)	-	1,691
	<u>26,987</u>	<u>77,209</u>	<u>(1,392)</u>	<u>287</u>	<u>-</u>	<u>103,091</u>
Total Restricted funds	<u>23,053</u>	<u>103,205</u>	<u>(40,723)</u>	<u>1,659</u>	<u>3,126</u>	<u>90,320</u>

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17. Statement of funds (continued)

	<i>Balance at 1 September 2017 £000</i>	<i>Income £000</i>	<i>Expenditure £000</i>	<i>Transfers in/out £000</i>	<i>Gains/ (Losses) £000</i>	<i>Balance at 31 August 2018 £000</i>
Total funds	24,075	108,181	(40,746)	-	3,126	94,636

18. Analysis of net assets between funds

Analysis of net assets between funds - current year

	Unrestricted funds 2019 £000	Restricted funds 2019 £000	Restricted fixed asset funds 2019 £000	Total funds 2019 £000
Tangible fixed assets	-	-	117,023	117,023
Current assets	4,384	4,285	2,299	10,968
Creditors due within one year	-	(4,285)	-	(4,285)
Pension liability	-	(24,308)	-	(24,308)
Total	4,384	(24,308)	119,322	99,398

Analysis of net assets between funds - prior year

	<i>Unrestricted funds 2018 £000</i>	<i>Restricted funds 2018 £000</i>	<i>Restricted fixed asset funds 2018 £000</i>	<i>Total funds 2018 £000</i>
Tangible fixed assets	-	-	101,401	101,401
Current assets	4,316	4,119	1,690	10,125
Creditors due within one year	-	(4,035)	-	(4,035)
Pension liability	-	(12,855)	-	(12,855)
Total	4,316	(12,771)	103,091	94,636

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19. Reconciliation of net income to net cash flow from operating activities

	2019 £000	2018 £000
Net income for the year (as per Statement of financial activities)	10,828	67,435
Adjustments for:		
Depreciation	1,772	1,392
Capital grants from DfE and other capital income	(2,667)	(3,239)
Interest receivable	(9)	(6)
Defined benefit pension scheme obligation inherited	1,896	10,012
Defined benefit pension scheme cost less contributions payable	3,491	1,925
Decrease/(increase) in debtors	1,822	(2,028)
Increase in creditors	250	2,906
Net assets and liabilities from local authority on conversion	(15,635)	(10,722)
Transfer of existing academies into the trust	-	(63,248)
Net cash provided by operating activities	1,748	4,427

20. Cash flows from investing activities

	2019 £000	2018 £000
Interest from investments	9	6
Purchase of tangible fixed assets	(1,759)	(1,965)
Capital grants from DfE	2,667	3,239
Net cash provided by investing activities	917	1,280

21. Analysis of cash and cash equivalents

	2019 £000	2018 £000
Notice deposits (less than 3 months)	9,115	6,450
Total cash and cash equivalents	9,115	6,450

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**NOTES TO THE FINANCIAL STATEMENTS
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22. Conversion to an academy trust

On 1 November 2018 Lytchett Matravers Primary School, Upton Junior School and Upton Infant School and on 1 June 2019 Weston Shore Infant School converted to academy trust status under the Academies Act 2010 and all the operations and assets and liabilities were transferred to Hamwic Education Trust from Dorset County Council and Southampton City Council for £nil consideration.

The transfer has been accounted for as a combination that is in substance a gift. The assets and liabilities transferred were valued at their fair value and recognised in the Balance sheet under the appropriate heading with a corresponding net amount recognised as a net gain in the Statement of financial activities as Income from Donations and Capital Grants - transfer from local authority on conversion.

The following table sets out the fair values of the identifiable assets and liabilities transferred and an analysis of their recognition in the Statement of financial activities.

	Unrestricted funds £000	Restricted funds £000	Restricted fixed asset funds £000	Total funds £000
Tangible fixed assets				
Freehold land and buildings	-	-	2,950	2,950
Leasehold land and buildings	-	-	12,685	12,685
Current assets				
Cash - representing budget surplus on local authority funds	347	-	-	347
Non-current liabilities				
Defined benefit pension scheme liability	-	(1,896)	-	(1,896)
Net assets/(liabilities)	<u>347</u>	<u>(1,896)</u>	<u>15,635</u>	<u>14,086</u>

23. Capital commitments

	2019 £000	2018 £000
Contracted for but not provided in these financial statements		
Acquisition of tangible fixed assets	<u>115</u>	<u>325</u>

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24. Pension commitments

The Trust's employees belong to two principal pension schemes: the Teachers' Pension Scheme for England and Wales (TPS) for academic and related staff; and the Local Government Pension Scheme (LGPS) for non-teaching staff, which is managed by Hampshire County Council and Dorset County Council. Both are multi-employer defined benefit schemes.

The latest actuarial valuation of the TPS related to the period ended 31 March 2012 and of the LGPS 31 March 2016.

Contributions amounting to £679,380 were payable to the schemes at 31 August 2019 (2018 - £583,127) and are included within creditors.

Teachers' Pension Scheme

The Teachers' Pension Scheme (TPS) is a statutory, contributory, defined benefit scheme, governed by the Teachers' Pension Scheme Regulations 2014. Membership is automatic for full-time teachers in academies and, from 1 January 2007, automatic for teachers in part-time employment following appointment or a change of contract, although they are able to opt out.

The TPS is an unfunded scheme and members contribute on a 'pay as you go' basis - these contributions along with those made by employers are credited to the Exchequer. Retirement and other pension benefits are paid by public funds provided by Parliament.

Valuation of the Teachers' Pension Scheme

The Government Actuary, using normal actuarial principles, conducts a formal actuarial review of the TPS in accordance with the Public Service Pensions (Valuations and Employer Cost Cap) Directions 2014 published by HM Treasury. The aim of the review is to specify the level of future contributions. Actuarial scheme valuations are dependent on assumptions about the value of future costs, design of benefits and many other factors. The latest actuarial valuation of the TPS was carried out as at 31 March 2012 and in accordance with the Public Service Pensions (Valuations and Employer Cost Cap) Directions 2014. The valuation report was published by the Department for Education on 9 June 2014. The key elements of the valuation and subsequent consultation are:

- employer contribution rates set at 16.48% of pensionable pay (including a 0.08% employer administration charge)
- total scheme liabilities (pensions currently in payment and the estimated cost of future benefits) for service to the effective date of £191,500 million, and notional assets (estimated future contributions together with the notional investments held at the valuation date) of £176,600 million giving a notional past service deficit of £14,900 million
- an employer cost cap of 10.9% of pensionable pay will be applied to future valuations
- the assumed real rate of return is 3.0% in excess of prices and 2% in excess of earnings. The rate of real earnings growth is assumed to be 2.75%. The assumed nominal rate of return is 5.06%.

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24. Pension commitments (continued)

The TPS valuation for 2012 determined an employer rate of 16.4%, which was payable from September 2015. The next valuation of the TPS is currently underway based on April 2016 data, whereupon the employer contribution rate is expected to be reassessed and will be payable from 1 September 2019.

The employer's pension costs paid to TPS in the year amounted to £2,954,705 (2018 - £2,168,705).

A copy of the valuation report and supporting documentation is on the [Teachers' Pensions website](#).

Under the definitions set out in FRS 102, the TPS is an unfunded multi-employer pension scheme. The Trust has accounted for its contributions to the scheme as if it were a defined contribution scheme. The Trust has set out above the information available on the scheme.

Local Government Pension Scheme

The LGPS is a funded defined benefit pension scheme, with the assets held in separate Trustee-administered funds. The total contribution made for the year ended 31 August 2019 was £3,163,000 (2018 - £2,355,000), of which employer's contributions totalled £2,468,000 (2018 - £1,820,000) and employees' contributions totalled £ 695,000 (2018 - £535,000). The agreed contribution rates for future years are between 16.1% and 22.0% per cent for employers and between 5.5% and 12.5% per cent for employees.

Parliament has agreed, at the request of the Secretary of State for Education, to a guarantee that, in the event of academy closure, outstanding Local Government Pension Scheme liabilities would be met by the Department for Education. The guarantee came into force on 18 July 2013.

Principal actuarial assumptions

Dorset County Pension Fund:

Discount rate	1.90% (2018: 2.70%)
Pension increase rate	2.15% (2018: 2.30%)
Salary increase rate	3.65% (2018: 3.80%)

Hampshire Pension Fund:

Discount rate	1.90% (2018: 2.80%)
Pension increase rate	2.00% (2018: 2.00%)
Salary increase rate	3.50% (2018: 3.50%)

The current mortality assumptions include sufficient allowance for future improvements in mortality rates. The assumed life expectations on retirement age 65 are:

	Dorset County Pension Fund		Hampshire Pension Fund	
Retiring:	Males	Females	Males	Females
- today	22.9 (2018: 24.0)	24.8 (2018: 26.1)	23.1 (2018: 24.1)	25.8 (2018: 27.2)
- in 20 years	24.6 (2018: 26.3)	26.6 (2018: 28.5)	24.7 (2018: 26.2)	27.6 (2018: 29.4)

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**NOTES TO THE FINANCIAL STATEMENTS
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24. Pension commitments (continued)

Sensitivity analysis

	2019 £000	2018 £000
Discount rate +0.1%	49,873	32,347
Discount rate -0.1%	52,553	34,074
Mortality assumption - 1 year increase	52,924	34,175
Mortality assumption - 1 year decrease	49,498	32,233

The Trust's share of the assets in the scheme was:

	At 31 August 2019 £000	At 31 August 2018 £000
Equities	15,479	12,554
Gilts	4,955	4,158
Corporate bonds	-	186
Property	2,152	1,560
Cash and other liquid assets	596	402
Other bonds	538	333
Diversified growth fund	461	288
Infrastructure	384	205
Other	2,322	658
Total market value of assets	26,887	20,344

The actual return on scheme assets was £1,615,000 (2018 - £1,114,000).

The amounts recognised in the Statement of financial activities are as follows:

	2019 £000	2018 £000
Current service cost	4,214	3,474
Past service cost	1,382	-
Net interest cost	359	270
Administrative expenses	4	1
Total amount recognised in the Statement of financial activities	5,959	3,745

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**NOTES TO THE FINANCIAL STATEMENTS
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24. Pension commitments (continued)

Changes in the present value of the defined benefit obligations were as follows:

	2019 £000	2018 £000
At 1 September	33,199	7,975
Upon conversion	3,733	4,411
Transferred in on existing academies joining the trust	-	18,818
Interest cost	996	652
Employee contributions	695	535
Actuarial losses/(gains)	7,044	(2,394)
Benefits paid	(68)	(272)
Current service cost	4,214	3,474
Past service costs	1,382	-
At 31 August	51,195	33,199

Changes in the fair value of the Trust's share of scheme assets were as follows:

	2019 £000	2018 £000
At 1 September	20,344	3,931
Upon conversion	1,837	2,456
Transferred in on existing academies joining the trust	-	10,761
Interest income	637	382
Actuarial gains	978	732
Employer contributions	2,468	1,820
Employee contributions	695	535
Benefits paid	(68)	(272)
Administration expenses	(4)	(1)
At 31 August	26,887	20,344

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NOTES TO THE FINANCIAL STATEMENTS
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25. Operating lease commitments

At 31 August 2019 the Trust had commitments to make future minimum lease payments under non-cancellable operating leases as follows:

	2019	<i>2018</i>
	£000	<i>£000</i>
Not later than 1 year	114	<i>96</i>
Later than 1 year and not later than 5 years	93	<i>102</i>
	<hr/> 207 <hr/>	<hr/> <i>198</i> <hr/>

26. Members' liability

Each member of the charitable company undertakes to contribute to the assets of the company in the event of it being wound up while he/she is a member, or within one year after he/she ceases to be a member, such amount as may be required, not exceeding £10 for the debts and liabilities contracted before he/she ceases to be a member.

27. Related party transactions

No related party transactions took place in the period of account, other than certain Trustees' expenses already disclosed in note 12 (2018: £nil).

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**NOTES TO THE FINANCIAL STATEMENTS
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28. Teaching school trading account

	2019 £000	2019 £000	2018 £000	2018 £000
Income				
Direct income				
Other income	46		121	
Other income				
Fundraising and other trading activities	66		41	
Total income		112		162
Expenditure				
Direct expenditure				
Direct staff costs	68		48	
Other direct costs	16		-	
Total direct expenditure	84		48	
Other expenditure				
Support staff costs	3		24	
Other support costs	19		56	
Total other expenditure	22		80	
Total expenditure		106		128
Transfers between funds excluding depreciation		60		7
Surplus from all sources		66		41
Teaching school balances at 1 September 2018		41		-
Teaching school balances at 31 August 2019		107		41